

As we enter the final quarter of 2011, the world finds itself again in a situation of financial turmoil. The positive signs of growth in the first part of the year have been clouded by the sovereign debt crisis and ensuing currency turbulence which have brought us to the edge of a new crisis. Trade growth has also slowed down in the closing months of 2011.

During these times, it is all the more important to avoid protectionist responses to domestic difficulties and to do all we can to keep trade open and flowing as smoothly, predictably and freely as possible.

Back in September 2008, after the collapse of Lehman Brothers, world merchandise trade started to plunge and continued to do so during the first quarter of 2009. However, the second quarter of 2009 already saw the trend reversed. In 2010, world merchandise grew again by 22 per cent. Trade in services reacted in a similar way, but with a certain time lag, and with less volatility. In 2010, exports of commercial services rose by 9 per cent, driven by strong growth of Asia's trade in services, for both exports and imports. In fact, Asia's growth figures were twice as high as the world average.

Merchandise trade of least-developed countries also came to an abrupt halt in 2009, declining by 24 per cent. As commodity prices started to rise in 2010, LDCs' merchandise exports recovered quickly, expanding by 30 per cent while imports rose by 13 per cent.

Merchandise trade deficits, which had decreased for many countries in 2009, increased again in 2010. For example, the US deficit in relation to GDP fell from 6.1 per cent to 3.9 per cent in 2009 but rose again to 4.7 per cent in 2010. Germany's trade balance fluctuated in a similar way. China's trade surplus fell from 6.6 per cent in 2008, to 3.9 per cent in 2009, and contrary to expectations, dropped to 3.1 per cent in 2010, mostly due to a much greater increase in its imports compared with exports, in contrast to the other two leading traders.

In 2010, Asia's trade performance was remarkable, contributing significantly to the global recovery. Asian exports of manufactured goods grew by 30 per cent – more than offsetting the loss

incurred during the crisis. In commercial services Asia recorded a stunning 22 per cent growth in exports in 2010, compared with 3 per cent for Europe.

Trade flows continue to be concentrated within regions rather than between regions. For example, 71 per cent of Europe's exports remain within Europe. Asia's intra-regional exports account for nearly 53 per cent of its world exports while almost half of North America's exports are received by members of the North American Free Trade Association. Much of this intra-regional trade consists of trade in intermediate goods exchanged between regional partners within global production networks.

Finally, a word on trade statistics. Trade analysis depends on high-quality data. The WTO therefore aims at constantly improving existing tools and methods to accurately reflect movements in international trade. In this respect, the WTO joined forces with Eurostat, OECD and the United Nations to develop a 2020 Vision for an integrated statistical trade data system, bringing together data on trade, finance and employment. Furthermore, in early spring 2011, we launched the "Made in the World" Initiative which aims at supporting the exchange of projects, experiences and practical approaches in measuring and analysing trade in value added. Creating such improved statistical and analytical frameworks will be a further step towards giving decision-makers the information they need to tackle the challenges of the 21st century.



Pascal Lamy  
Director-General

## A message from the Director-General

Pascal Lamy



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